

**NEWPORT COUNTY SUPERIOR COURT
CASH AUDIT
FISCAL YEAR ENDED JUNE 30, 2001
APRIL 2002**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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NEWPORT COUNTY SUPERIOR COURT
CASH AUDIT
FISCAL YEAR ENDED JUNE 30, 2001
APRIL 2002

EXECUTIVE SUMMARY

We performed a cash audit for the fiscal years ended June 30, 2001 and 2000. Our report contained the following compliance recommendations:

- Remit all interest earned by the bail fund to the general treasurer within the time frame established by RIGL 11-28-1.
- Bank service charges incurred should either be reported to the Office of Accounts and Control for reimbursement or be netted against the interest earned prior to remittance to the General Treasurer's Office.

NEWPORT COUNTY SUPERIOR COURT
CASH AUDIT
FISCAL YEAR ENDED JUNE 30, 2001

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
LETTER OF TRANSMITTAL	1
INTRODUCTION:	
Audit Scope and Objectives	2
Background	2
AUDITORS OPINION	3
FINANCIAL STATEMENTS:	
Bail Fund:	
Exhibit A: Statements of Cash Receipts and Disbursements Fiscal Years Ended June 30, 2001 and 2000	4
Registry of Court Fund:	
Exhibit B: Statements of Cash Receipts and Disbursements Fiscal Years Ended June 30, 2001 and 2000	5
Notes to Financial Statements	6
FINDING AND RECOMMENDATIONS:	
Turnover of Interest and Service Fees	7
MANAGEMENT'S RESPONSE TO FINDINGS AND RECOMMENDATIONS	8



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April 19, 2002

The Honorable Joseph F. Rodgers, Jr., Presiding Justice
Superior Court of Rhode Island
250 Benefit Street
Providence, RI 02903

Dear Justice Rodgers:

We have completed a cash audit of the Newport County Superior Court Clerk's Office for the fiscal years ended June 30, 2001 and 2000. Our audit was conducted in accordance with Section 35-7-3 and 35-7-4 of the General laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Management's response is included in this report.

In accordance with Section 35-7-4 of the General Laws, we will review the status of the Newport County Superior Court Clerk's Office corrective action plan within six months from the date of issue of this report.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

NEWPORT COUNTY SUPERIOR COURT
CASH AUDIT
FISCAL YEAR ENDED JUNE 30, 2001

INTRODUCTION

Audit Scope and Objectives

We conducted a cash audit of the agency funds maintained by the Newport County Superior Court Clerk's Office for the fiscal years ended June 30, 2001 and 2000. Our audit extended to the following accounts:

- Bail Account
- Registry of Court Accounts

The purpose of our audit was to determine whether cash had been properly accounted for within the above accounts.

Background

Section 8-4-5 of the Rhode Island General Laws states in part. "In the month of January in 1976 and in every fifth year thereafter, the governor, with the advice and consent of the senate, shall appoint a clerk of the superior court for the counties of Providence and Bristol, and a clerk of the superior court for each of the counties of Newport, Washington, and Kent. The persons so appointed shall hold office until the first day of February in the fifth year next after their appointment and until their successors are appointed and qualified." A new clerk was appointed June 23, 2001.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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TEL #: (401) 222-2768
FAX #: (401) 222-3973

The Honorable Joseph F. Rodgers, Jr.,
Presiding Justice
Superior Court of Rhode Island
250 Benefit Street
Providence, RI 02903

We have audited the accompanying statements of cash receipts and disbursements of the Newport County Superior Court agency funds for the fiscal years ended June 30, 2001 and 2000, as listed in the table of contents. These financial statements are the responsibility of the Newport County Superior Court management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with *Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which are a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Newport County Superior Court agency funds at June 30, 2001 and 2000, on the basis of accounting described in Note 1.

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
December 10, 2001

SMC:pp

NEWPORT COUNTY SUPERIOR COURT
BAIL FUND
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>	<u>Total</u>
<u>Cash Receipts:</u>			
Due to Defendants	\$ 68,715.00	85,821.50	154,536.50
Due to Fines and Costs Fund	135.00	-	135.00
Interest Earned	<u>2,232.15</u>	<u>2,597.79</u>	<u>4,829.94</u>
Total Cash Receipts	<u>71,082.15</u>	<u>88,419.29</u>	<u>159,501.44</u>
<u>Cash Disbursements:</u>			
Payment of Fines and Costs	38,628.50	27,300.00	65,928.50
Return of Bail	76,948.00	49,010.00	125,958.00
Transfer to Kent County Superior	218.00	913.00	1,131.00
Transfer to District Court	50.00	-	50.00
Transfer to Central Registry	-	4,139.00	4,139.00
Transfer to Providence County Superior	452.00	-	452.00
Bank Charges	<u>499.76</u>	<u>270.00</u>	<u>769.76</u>
Total Cash Disbursements	<u>116,796.26</u>	<u>81,632.00</u>	<u>198,428.26</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(45,714.11)</u>	<u>6,787.29</u>	<u>(38,926.82)</u>
Cash Balance, July 1, 2000	<u>226,031.10</u>	<u>219,243.81</u>	<u>445,274.91</u>
Cash Balance, June 30, 2001	<u>\$ 180,316.99</u>	<u>226,031.10</u>	<u>406,348.09</u>

See accompanying notes to financial statements.

NEWPORT COUNTY SUPERIOR COURT
 REGISTRY OF COURT FUND
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
 FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>	<u>Total</u>
<u>Cash Receipts:</u>			
Interest Earned	\$ 3,716.18	5,265.12	8,981.30
Advances from Parties	75,165.26	186,255.43	261,420.69
Intrafund Transfers	<u>135,517.16</u>	<u>402,344.62</u>	<u>537,861.78</u>
Total Cash Receipts	<u>214,398.60</u>	<u>593,865.17</u>	<u>808,263.77</u>
<u>Cash Disbursements:</u>			
Bank Charges	-	26.00	26.00
Return of Advances	135,517.16	402,344.62	537,861.78
Intrafund Transfers	<u>135,517.16</u>	<u>402,344.62</u>	<u>537,861.78</u>
Total Cash Disbursements	<u>271,034.32</u>	<u>804,715.24</u>	<u>1,075,749.56</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>(56,635.72)</u>	<u>(210,850.07)</u>	<u>(267,485.79)</u>
Cash Balance, July 1, 2000	<u>235,496.34</u>	<u>446,346.41</u>	<u>681,842.75</u>
Cash Balance, June 30, 2001	<u>\$ 178,860.62</u>	<u>235,496.34</u>	<u>414,356.96</u>

See accompanying notes to financial statements.

NEWPORT COUNTY SUPERIOR COURT
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2001

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies

Fund Accounting

The Newport County Superior Court accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. Only the Agency Funds of the Superior Court are presented in the accompanying financial statements. A description of these funds follows:

Agency Funds - are used to account for assets held by the Superior Court as an agent for individuals, private organizations, the general fund, and/or other funds. The Court maintains the following agency funds:

- Bail Fund - is used to account for monies received from defendants in criminal cases.
- Registry of Court Fund - is used to account for monies held by the court for civil actions, which are pending.

Basis of Accounting

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in conformity with generally accepted accounting principles.

NEWPORT COUNTY SUPERIOR COURT
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2001

FINDING AND RECOMMENDATIONS

Interest and Service Charges

The Bail Fund maintains a checking account and a money market account. These accounts both earn interest that should be turned over to the General Treasurer each month. Over the years, the money market account has incurred a thirty-dollar per month service charge. The bank has been contacted and has agreed to waive the charge for future months. All interest earned net of service charges has been turned over to the General Treasurer for all periods through and including June 30, 2001. The clerk's office should now turn the money over on a monthly basis.

Recommendations

1. Remit all interest earned by the bail fund to the general treasurer within the time frame established by RIGL 11-28-1.

Management's Response: Accepted.

2. Bank service charges incurred should either be reported to the Office of Accounts and Control for reimbursement or be netted against the interest earned prior to remittance to the General Treasurer's Office.

Management's Response: Accepted

INTEROFFICE MEMORANDUM

TO: JOHN REIS, INTERNAL AUDIT MANAGER

FROM: JOSEPH V. CONLEY, DEPUTY COURT ADMINISTRATOR,
SUPERIOR COURT

SUBJECT: NEWPORT COUNTY CASH AUDIT (JUNE 30, 2001- APRIL 2002)

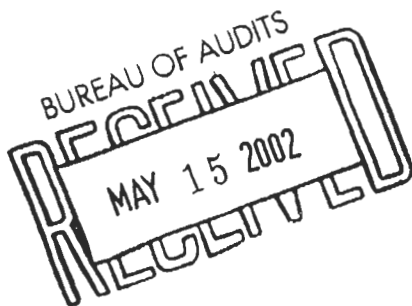
DATE: 5/10/2002

CC: ROBERT L. CARL JR., PH. D., DEPARTMENT OF ADMINISTRATION;
HONORABLE GORDON D. FOX, CHAIRMAN OF THE HOUSE FINANCE COMMITTEE;
HONORABLE FRANK T. CAPRIO, CHAIRMAN OF THE SENATE FINANCE COMMITTEE

MAY 15 2002

Attached please find our response to the audit report for the Newport County Superior Court Clerk's Office for the fiscal years ended June 30, 2001 and 2002.

The recommendations and responses are listed for your review. If you have any questions please feel free to contact me at 222-3215.



NEWPORT SUPERIOR COURT
AGENCY FUNDS

FINDINGS, RECOMMENDATIONS AND RESPONSES

Recommendation # 1

Remit all interest earned by the bail fund to the general treasurer within the time frame established by RIGL 11-28-1.

Response

1. Concur with this recommendation and have already implemented.

Recommendation #2

Bank service charges incurred should either be reported to the Office of Accounts and Control for reimbursement or be netted against the interest earned prior to remittance to the General Treasurer's Office.

Response

Concur and will act upon immediately.